

A special meeting of the Redmond City Council was called to order by Mayor Rosemarie Ives at 6:00 p.m., pursuant to notice, in the Council Chambers. Councilmembers present were: Cole, Marchione, McCormick, Paine, Resha, Robinson, and Vache.

#### 2005 - 2006 BUDGET STRATEGY

The Mayor called attention to the following three documents sent by Lenda Crawford, Finance and Information Services Director, to the Council early this morning: 2003-04 Budget and Actual Expenditures, 2005-06 General Fund Budget - Summary of Changes, and department identified proposed reductions. She noted that the last document summarizes recommendations by department heads and are not necessarily cuts she would propose. She reminded Councilmembers of the robust process that staff and Council have undertaken in the last six months to work together early in the budget process to share information. She stated the budget the Council will receive on October 5, 2004, will be based upon that work. She added she would entertain questions regarding the material the Council received today and then the Council would discuss proposals by Councilmember Robinson and Councilmembers Marchione, Resha, and Vache.

Lenda Crawford responded to questions from Councilmembers McCormick and Paine about the transfer of funds from the General Fund to the Capital Investment Program regarding the City Hall Project and the Information Services Fund. Ms. Crawford noted that staff used a number of source documents in preparing the material for tonight's meeting, so Councilmembers should not be surprised if they see changes in the information in the final preliminary budget document in October 2004.

#### COUNCILMEMBER ROBINSON'S PROPOSAL

Councilmember Robinson stated that tonight's meeting is to discuss putting a levy increase on the September 2004 primary ballot. The Council cannot increase property taxes beyond one percent, but the voters of Redmond can with a 50 percent favorable vote. In addition, putting this on the ballot does not mean that individual Councilmembers favor the tax increase; they are simply putting it to the vote of the people. He added that all jurisdictions are struggling to maintain services and stay within their budgets. Redmond is no different, he continued; however, increasing taxes in today's environment is serious business and must be done only after careful consideration. He offered a number of comments from residents regarding the proposed levy lid lift.

Councilmember Robinson said the city's story should be told in a series of meetings, hearings, and public education. The September 2004 primary does not support this process, he noted. He suggested the following:

- Proceed with the current budget calendar
- Develop one of the following budget scenarios:
  - 2003-2004 levels/estimated actual - escalation to 2005-2006 levels
  - Develop budget based upon estimated revenues for any reserves until formal presentation of the budget
- Determine delta service levels from the proposed 2005-2006 budget
- Double efforts to inform and involve the public in the budget process
- Depending on public input and additional financial analysis, the Council can decide to go for a levy lid lift in November or in early 2005, if required.
- Failure to do this right the first time will make it that much harder the second or third time.

#### COUNCILMEMBERS MARCHIONE, RESHA, AND VACHE'S PROPOSAL

Referring to a one-page handout, Councilmember Vache said that he looked at the ten-year history of his property taxes in Redmond and noted that taxes had increased 60 percent, but not the city's portion. He noted that is the reason property taxes are such an emotional issue. He added that this is a situation that cannot be solved in ten days and urged the Council to develop a comprehensive financial strategy that takes into consideration other known issues relating to transportation and parks. He concluded that the funding gap should not be solved with just slashing expenditures.

Councilmember Marchione stated that their proposal does not include a 2004 levy lid lift and instead proposes the development of a one-year budget potentially using one-time reserve funds for basic services. He urged the Council to develop a long-term strategy beyond 2005 for revenues and expenditures as well as a long-term policy on use of reserves.

Councilmember Resha stated that there was not enough time to do due diligence and craft a proposal for a levy lid lift that all Councilmembers could support.

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Councilmember Vache added that the reserve was created for use in an economic downturn, and it would not be a change in policy to use it.

Councilmember Cole expressed concern about using one-time revenue to balance the budget, support for a two-year budget, and considered the current situation a spending problem where revenues have not kept pace with the growth in city costs.

The Council, Mayor, and Ms. Crawford debated the implications of a one-year budget versus a two-year budget and the proposal in general. After some discussion, a majority of the Council expressed its support for a two-year budget and the development of a long-term financial strategy. Councilmember Paine stated that at its meeting on July 27, 2004, the Public Administration and Finance Committee will meet to solidify the thoughts shared tonight. He concluded that this proposal would help the Council to make an informed decision with citizen involvement.

#### ADJOURNMENT

There being no further business to come before the Council, the Mayor adjourned the meeting at 8:00 p.m.

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MAYOR

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CITY CLERK